



Income Tax Act 2007

2007 CHAPTER 3

PART 13

TAX AVOIDANCE

CHAPTER 1

TRANSACTIONS IN SECURITIES

Circumstances in which income tax advantages obtained or obtainable

694 Abnormal dividends: the excessive accrual condition

- (1) The excessive accrual condition is that the dividend substantially exceeds the amount which the recipient would have received if—
 - (a) the dividend had accrued from day to day, and
 - (b) the recipient had been entitled to only so much of the dividend as accrued while the recipient held the securities.
- (2) But the excessive accrual condition is treated as not being met if during the period of 6 months beginning with the purchase of the securities the recipient does not—
 - (a) sell or otherwise dispose of any of the securities or any securities similar to them, or
 - (b) acquire an option to sell any of the securities or any securities similar to them.
- (3) For the purposes of subsection (2) securities are taken to be similar if they entitle their holders—
 - (a) to the same rights against the same persons as to capital and interest, and
 - (b) to the same remedies for the enforcement of those rights.
- (4) For the purposes of subsection (3) rights guaranteed by the Treasury are treated as rights against the Treasury.

Status: *This is the original version (as it was originally enacted).*

- (5) Subsection (3) applies despite any differences—
- (a) in the total nominal amounts of the respective securities,
 - (b) in the form in which they are held, or
 - (c) in the manner in which they can be transferred.